

Dear committee members,

It is a pleasure to meet you.

I am the founder and CEO of [Beer52](#). We are the world's most popular craft beer club and also operate the UK's fastest-growing wine club, Wine52. We proudly employ 122 talented people in Edinburgh, based at our HQ on Melville Crescent. Our company was named as one of the fastest-growing companies in the UK by the FT, the 2nd fastest growing in Scotland.

As it currently stands, the DRS would lead to the unbelievable scenario that as one of Scotland's e-commerce success stories we would be forced to suspend sales in our home market, at a cost of over £4m per year, leading to significant job losses at our company and threatening the viability of our business in an already extremely challenging economic environment. We applaud the government's aim of making Scotland's economy greener and increasing recycling rates, and are keen to play our part in that aim, however our ask of you is **to delay the launch of this Scotland-only scheme and focus energies on bringing forward a UK-wide scheme.**

The sales that our business generates for small craft breweries in Scotland is proving to be a lifeline during the unprecedented challenges they face due to rising energy and raw material costs. Many of them have contacted us in a state of exasperation and confusion as to how they are to implement this scheme within the timeframe currently proposed. As it stands we do not know of any small producers in Scotland that have signed the Circularity Scotland contract and in fact know of more than 600 in our network who have actively not signed up. As a retailer, we would not be able to sell products from these small Scottish companies. Our suppliers in England have also indicated that they do not intend to register for the scheme, meaning we will be unable to supply their products to Scottish consumers either. This is significantly reducing consumer choice and placing a very real trade barrier in place, in contravention of the Internal Markets Act 2020.

It seems that big business was consulted on the design of this scheme and it has been created in a way that is favourable to supermarkets, Biffa, producers of reverse vending machines and multinational drinks companies, to the detriment of small producers and retailers. Scotland has a vibrant industry of small drinks producers and retailers and while everyone supports the overall aims of the scheme, the way in which it has been designed and implemented effectively locks out many small producers from selling in Scotland.

To illustrate the point, the minimum production run for printed drinks cans is around 200,000 units for each product. In order to create packaging for both the Scottish and English markets, producers would have to manufacture two sets of cans for each of their products. This is not a realistic expectation to place on small companies. In the case of a UK-wide scheme, producers could continue to operate with a single can, which is entirely workable.

Ultimately, this scheme is to be paid for by producers and importers such as ourselves, through the Producer Fee. Circularity Scotland boasts that the fee paid to

retailers for collecting used packaging is the highest in the world. We have not had visibility of what the pricing of this fee actually is, yet are expected to sign a contract to pay it. Why is it considered a selling point of the scheme that those who are footing the bill are expected to pay the highest cost in the world? A cost which will go from small producers and into the pockets of supermarkets, who will be the highest volume operators of return points? Of course, supermarkets will love this scheme because they are being paid handsomely to accept packaging, providing customers with a voucher to spend in their store, driving footfall away from small independent retailers who do not have the space to host a return vending machine. To me there seems to be a complete lack of commerciality to how this scheme is designed.

We are concerned by the opportunities this scheme presents for fraud on a massive scale for those companies who do not create separate packaging for each market. We deliver products to consumers across the UK and under the current proposals, a customer in England could claim a deposit on a product we have delivered for which they have not paid. The government's own estimate of this expected fraud is £108m, however we believe this to be dangerously underestimated. English consumers will enjoy the opportunity to generate a lucrative second income by returning their packaging in Scotland.

In the Circularity Scotland contract, as a producer we are liable for this over redemption. In addition to this, we are not the sole retailer of the barcodes that we stock, yet under this scheme would be liable for all returns under those barcodes - if another company imported the same products and did not pay the deposit, we would be liable for this. As a small company, we can't possibly be expected to open ourselves up to this type of liability from a totally untested scheme.

Where the cumulative redemption rate exceeds 100% CSL will automatically generate an invoice to the relevant Producer to cover the costs associated with this over redemption. Payment of this invoice will fall due on standard terms and will be collected by direct debit.

Applying a separate barcode to every product we sell in Scotland would involve manually re-labelling stock for the Scottish market and creating a separate stock management, supply chain and returns process at a prohibitively high cost.

The offer to supply printed labels to producers placing less than 25,000 units onto the market is of no assistance to us or any of the companies that we buy from.

We are also alarmed by the impracticality of online innovators (such as ourselves) meeting any requirement to collect empty containers - not least due to the sustainability impact of such a logistics challenge.

I would welcome the opportunity to meet with you to share some practical information about the workings of our business and our constructive insight into how a DRS scheme can be workable for small drinks manufacturers. We are keen to work with the government to support your aims of increasing recycling rates and believe a coordinated UK-wide scheme would be in the best interests of consumers,

business and the environment. We enthusiastically support the concept of a UK-wide DRS.

We strongly advise against pushing through an ill thought-out scheme which risks putting small drinks producers out of business.

Thank you,

Fraser Doherty (he/him)
Co-Founder